William J. Fehman President 1407 W. North Temple, Suite 320 Salt Lake City, UT 841 16

August 7,2006

Via Facsimile & U.S. Mail
Charles M. Darling, IV
Desert Power, L.P. 2603 Augusta,
Suite 880 Houston, Texas 77057

RE: Power Purchase Agreement dated September 24,2004, by and between Desert Power, L.P. and PacifiCorp

Dear Mr. Darling:

PacifiCorp has received and reviewed your correspondence dated August 4, 2006. Unfortunately, I believe you misunderstood PacifiCorp's position relative to our meeting on Tuesday, August 1, 2006. PacifiCorp was not asking Desert Power, L.P. to respond to the points we raised in our July 14, 2006, correspondence addressed to your attorney, Stephen F. Mecham. PacifiCorp asked for a date certain when Desert Power, L.P. could provide the requested adequate assurances as detailed in our July 14, 2006, correspondence. Your response failed to address PacifiCorp's request, and in essence, simply reiterates the points you raised during our August 1, 2006, meeting without providing any substantive evidence notwithstanding your verbal assurances.

Despite that failing, your correspondence makes clear that Desert Power, L.P. is unwilling to meet our additional requirement that any amendment to the power purchase agreement must include a term that resets the price under the agreement in the event that Desert Power, L.P. fails to achieve a commercial operation date of June 1, 2007. Given Desert Power, L.P.'s unwillingness to agree to such a condition, and from PacifiCorp's perspective, given the continued uncertainty and viability of your project, PacifiCorp will be seeking to have the Public Service Commission of Utah make a ruling on this matter.

Sincerely,

William J. Fehrman
President

cc: Stephen F. Mecham Jeff Erb Dean Brockbank